

To the Members of the California Senate

I am returning Senate Bill 323 without my signature.

This bill creates a rigid and overly severe punishment for the failure to remit sales taxes which have been collected. I strongly support tough laws to punish and discourage scofflaws who knowingly evade taxes. However, this measure provides no flexibility for errors made by individuals with no intent to evade taxes or defraud the state. Moreover, the Board of Equalization does not contend that this bill would result in a specific level of increased compliance.

For these reasons, I cannot support this bill.

Sincerely,

Arnold Schwarzenegger